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DEFENSE SPENDING

CIA STUDY SEEKS WAYS TO STREAMLINE THE SYSTEM, PROMOTE EFFICIENCY

Free market is worth more than orderly procurement

By Marvin Leibstone

A RECENT CIA study claims that the Pentagon can reduce the time spent developing weapons and the cost incurred by analyzing foreign methods. Even Soviet purchasing has something to offer, the report adds.

Right now, it takes an average six to 11 years to develop an American weapon from concept to production, depending on the complexity of the item. Foreign governments pull it off sooner.

In 1971, Congress was voting whether to pursue the MX. Production did not begin until a decade later.

But America's problems in developing weapons have a lot to do with America's free economy. The absence of these problems in foreign countries has much to do with Marxism.

In the United States, private corporations first compete with each other with a design for fighter plane, tank or machine gun. The Pentagon selects what it believes is the best design. In the Soviet Union and other Warsaw Pact countries, this does not happen.

Moscow chooses the designer and the factory, and supervises production every step of the way.

It can be argued that Pentagon preparation of design criteria and its review of competing designs lengthen the development process. The CIA notes that the best design often wins a production competition when, in fact, another organization may be the better producer.

In France, the relationship between the Ministry of Defense and the private manufacturer is called "a reserve domain," which means the defense minister decides without parliament which weapons will be created and how.

America prefers "the tortured triangle," CIA's phrase for the three-way relationship between

Pentagon, manufacturer and Congress. In 1966, Congress voted to review every item desired by the

military, prior to approval for funds.

The Pentagon must prove the merit of a system before Congress says yea or nay. Congress also plays an overseer's role during development of these products.

"Too many bakers making the pie," the CIA document suggests.

Every defense analyst in the United States wants Pentagon procurement streamlined. Says a retired Navy contracting officer, "Possibly \$5.2 billion can be saved annually with appropriate reform."

Former Deputy Secretary of Defense Frank Carlucci said in 1981, "If Secretary of Defense Weinberger and I do nothing else in these four years except to straighten out the weapons acquisition system, we will have had a successful tour."

Carlucci, who was once CIA deputy director, left the Pentagon three years ago to work for Sears. But not much about Pentagon acquisition has changed since Ronald Reagan became president.

The list of ideas for reform is well known. Hardly a year passes when a senator or House member does not offer defense reform legislation. Laws requiring more purchases of

off-the-shelf and modularized equipment would save design and production time.

The elimination of design competitions in favor of production contracts, which would include the design phase, would save time and money. It makes sense, too for the Pentagon to buy components, instead of prime contractors doing so and overcharging the government.

These recommendations would not devalue a free market society. Adopting more easy-to-control measures for timely procurement of items such as exist in the Soviet Union or, for that matter, France,

would trim costs in America — but an essential ingredient, "competition," would disappear.

The lack of competition for defense contracts in foreign countries enhances production. The Soviet Union can build a lot of things faster than the United States. Missing, though, is a direct result of competition — quality.

There is a trendy joke, "He who has the most toys, wins." Nothing could be more wrong with respect to recent or future wars. In 1973 and 1982, it was Israeli ingenuity and

quality of reconnaissance and attack systems that defeated Soviet-backed means.

Saturation bombing and mass attack had less impact on Vietcong or North Vietnamese battalions in the 1970s than a few guided systems with high target selection capability.

Competition is more than a condition in America; it is an instrument, without which quality becomes a second-rate idea.

Still, the Pentagon must decide how to maintain competition and quality while reducing production time and costs. More emphasis on improvement of the acquisition process is likely to end in quick-fix recommendations that, in the end, exact a terrible social price.

The CIA study is useful in that it describes how other countries do things. But there is nothing in it worth applying to the U.S. defense industry, unless the nation decides that free market values are worth less than orderly procurement.

• Marvin Leibstone writes for these pages on national and foreign affairs.